

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF)
COLUMBIA GAS OF KENTUCKY, INC.)

CASE NO. 8738

ORDER

IT IS ORDERED that Columbia Gas of Kentucky, Inc., shall file an original and 12 copies of the following information with the Commission by April 6, 1983. Each copy of the data requested should contain an index of the information provided and be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Where applicable all calculations necessary to determine the requested information should be provided, where the calculations have already been provided indicate the specific location of those calculations. Include with each response, the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible. Where information requested herein has been provided, in the format requested, reference may be made to the specific location of said information responding to this request. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

For questions 1-16 reference Commission Information Request of January 12, 1982.

1. Reconcile accounts in item 7 to the same accounts listed by months in item 9 where any difference exists between these accounts.

2. Do the Administrative and General Office Expenses, Accounts 920 through 932 consist only of the general office expenses allocated to Columbia of Kentucky as requested in item 10? If not, provide a breakdown of the expenses between those allocated to Columbia of Kentucky and those incurred internally.

3. What is the amount of retirement work in process at the end of the test period?

4. Provide a breakdown of Account 114, Gas Plant Acquisition Adjustments for the test year.

5. Provide a detailed explanation of the Loss Company Allocation of \$5,889 shown in response to item 11(K) and (L).

6. Provide detailed workpapers, showing all calculations and assumptions, for the projected costs of Employee Pensions and Benefits, Account 926.

7. Provide workpapers and any assumptions used to determine the projected level of property taxes of \$306,100. Show all calculations. Information previously supplied on this area was insufficient in the detail presented.

8. Provide detailed workpapers and any assumptions used to determine the provision for attrition of \$4,980,510. Show all calculations. Information previously supplied in response to questions in this area was insufficient in detail presented.

9. Provide a detailed explanation of the reasons for and the efforts Columbia has undertaken to reduce the increase in the administration and general expenses which escalated over 40 percent over the previous year during the test period?

10. Provide a detailed explanation for the necessity of adding over \$2.84 million in mains to the distribution plant in service, Account 101, and \$1.55 million in mains to the distribution plant, Completed Construction Not Classified, Account 106, during the test period.

11. Provide a schedule of overtime paid by Columbia for the test period and the five calendar years preceding the test year as previously requested in item 18C. Was this amount included in the annualized salaries used in item 16 to determine adjustments to salaries?

12. Provide a fully detailed explanation for the curtailment shown in schedule 1, sheet 3 of 6, item 8, lines 24 and 25. Provide workpapers showing how the amount was calculated. Show all calculations.

13. Provide income statements for the test period showing actual operations based on actual Mcf sales and for actual operations based on the latest effective rates in effect at the end of the test period and actual Mcf sales. Show all calculations.

14. Has Columbia's operating expenses been reduced to reflect the elimination of forfeited discounts from its test period operations? If yes, by what amount and where is the adjustment reflected? Show all calculations.

15. Quantify how the current costs of SNG purchases compare with the cost of competitive or alternate sources of fuel, including No. 2 and No. 6 fuel oils. Are the prices of alternate fuel sources which are available to customers considered by Columbia when purchasing decisions are made?

16. Provide a detailed explanation of Columbia's purchasing strategies, and address in particular Columbia's objectives and efforts regarding flexibility of supply as opposed to security of supply.

17. Provide a schedule of Columbia Gas Transmission Corporation's excess gas supplies (the difference between total requirements and total gas available) for the test period and the five years preceding the test period. Are there any long-range forecasts available to predict excess gas supplies in the future? If so, supply such forecast figures for the next five years.

18. Does Columbia of Kentucky have any control over any purchasing decisions or are these decisions made solely by the parent company? If Columbia of Kentucky does have control over certain purchase decisions, has it explored the possibility of making significant purchases from other companies other than Columbia Gas Transmission Corporation? Describe in detail the level of control that can be exercised by Columbia of Kentucky.

19. Has Columbia performed any price elasticity studies to determine the effects on sales of gas at various levels? If so, provide such studies.

20. Has Columbia considered making any adjustments to the price of natural gas to maximize industrial sales? If so,

provide details of such efforts and any reasons why they have not been implemented.

21. Provide a detailed explanation why the number of employees and hours worked has increased since 1978, while gas sales have declined substantially.

22. Regarding the response to the data requested by the Attorney General, item 52, provide the following:

a. A copy of the proposed contract extension for SNG fuel-stock which Columbia Gas Transmission Corporation has filed before FERC (Docket No. CP82-427-000). What is the present status of this filing.

b. A detailed explanation why cost savings of \$6,476,000 will result to Columbia by the end of March 1984.

23. Provide a copy of the current Winter Service Contract requiring Columbia to pre-pay 6,600,000 Mcf per year. When will this contract expire? Does Columbia plan to enter into another such contract upon expiration of the current contract? Has Columbia made any efforts to renegotiate the current contract?

24. Regarding previous response to Attorney General's request, item 68, dated February 18, 1983, provide a response to how these amounts were reflected in company projections -- no response was given to the original request.

25. Provide a sample filing using the proposed GCR procedure. The sample should be as would have been filed to be effective September 1, 1982 had the proposed procedure been in effect. Furnish detailed explanations and supporting computations for all schedules of the sample filing.

26. Regarding Exhibit No. 23, furnish the following:

a. Sample calculations and detailed descriptions of how Columbia Gas of Kentucky proposes to determine that an effective rate will result in material over or under collection if not revised.

b. Sample calculations and detailed descriptions of the proposed method of determining the following:

1. EGC
2. ACA
3. REF
4. Sales
5. Base

27. Regarding Exhibit No. 8, Schedule No. 1, Sheets 2 through 6, furnish supporting computations and detailed descriptions for Column No. 2, Adjustments to Reflect Projected Sales, for each rate block for each rate class. Show separately the amount of adjustment to reflect each of the following:

- a. Temperature
- b. Residential Conservation
- c. Number of Customers
- d. Any Other Factors

28. Provide a detailed reconciliation between Exhibit 9, Schedule No. 1, rate class projected requirements and Exhibit 8, Schedule 1, pages 2 through 6, column 3, projected sales by rate class.

29. Regarding revenues to be generated from various tariff changes in Exhibit 8, Schedule 1, sheet 1 of 6, line 13, provide:

a. Workpapers supporting the amount of increased revenue.

b. Workpapers or other studies used to establish and justify each of these tariff changes.

30. Provide a detailed reconciliation of Mcf per rate class and total Mcf between the response to item 32 of data requested by Attorney General/Lexington-Fayette Urban County Government and Exhibits 8 and 9.

31. Provide detailed workpapers or other studies used to establish and justify the size of the proposed customer charges for rate schedules GSR, GSC and GSI.

32. Provide detailed workpapers or other studies used to establish and justify the difference between charges for each of the rate blocks in the proposed commodity charges for each of rate schedules GSR, GSC and GSI.

33. Provide detailed workpapers showing the calculation of the revenues of \$156,546,703 as stated in the response to item 7 of data requested by Attorney General/Lexington-Fayette Urban County Government.

34. What percentage of Columbia's managerial, professional and administrative employees receive "superior" or "outstanding" merit increases during the test period?

Done at Frankfort, Kentucky, this 24th day of March, 1983.

ATTEST:

PUBLIC SERVICE COMMISSION

Secretary



For the Commission